Modalities for sanction and disbursement of Industrial Promotion Subsidy under GST regime to Mega / Ultra Mega Projects under PSI -1993, PSI-2001, PSI-2007 and PSI-2013.

GOVERNMENT OF MAHARASHTRA
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT
Government Resolution No. PSI 2018/CR-117/IND-8
Mantralaya, Mumbai- 400 032
Date : 20th December, 2018

Read :
1) Government Resolution, I.E. & L.D. No.IDL-1005/CR-119/IND-8, dated 02/06/2005.
2) Government Resolution, I.E. & L.D. No.PSI-1707/(CR-50)/IND-8, dated 30/03/2007 (Package Scheme of Incentives 2007).
3) Government Resolution, I.E. & L.D. No.PSI-2108/(CR-36)/IND-8, dated 03/12/2008.
4) Government Resolution, I.E. & L.D. No.PSI-2013/CR-54/IND-8, dated 01/04/2013 (Package Scheme of Incentives 2013).
5) Government Resolution, I.E. & L.D. No.PSI-2015/CR-97/IND-8, dated 07/09/2015.
6) Government Resolution, I.E. & L.D. No.PSI-2017/CR-197/IND-8, dated 12/06/2018.

Preamble :

In view of revision in Tax system from VAT to GST w.e.f. 01.07.2017 the modalities for sanction and disbursement of Industrial Promotion Subsidy (IPS) declared by Government vide GR dated 03.12.2008 and 12.06.2018 are required to be revised.

Government Resolution:

The Government is now pleased to prescribe the following modalities' and procedure for sanction and disbursement of Industrial Promotion Subsidy to all Mega / Ultra Mega Projects, covered under PSI-2001, PSI-2007 and PSI-2013 as follows.

1. Definitions :-

1.1 GROSS SGST- "Industrial Promotion Subsidy" in respect of Mega / Ultra Mega Project granted IPS on "Gross Tax basis" means an amount equivalent to the percentage of "Eligible Investment" which has been agreed to as a part of the customized package, or the amount of tax payable as SGST component of GST by the eligible Mega / Ultra Mega Project in respect of 1st sale within Maharashtra of eligible finished products billed and delivered to same entity within Maharashtra, before adjustment of set off or other credits available for such period as may be sanctioned by the State Government, less the amount of benefits drawn by way of Electricity Duty Exemption, exemption from payment of Stamp Duty, refund of royalty and any other benefits (as may be specified by the Government) availed by the eligible Mega / Ultra Mega Projects, whichever is lower.

1.2 NET SGST - In respect of Mega Projects granted offer letter on "Net Tax basis", IPS means an amount equivalent to the percentage of Eligible Investment which has been agreed to as a part of the customized package or the amount of ***SGST paid through cash ledger*** by the Eligible Unit in respect of 1st sale of eligible finished products billed and delivered to same entity within Maharashtra, after adjustment of set-off or any other credits available for the tax period, whichever is lower.

Explanation :

1) In respect of Motor Vehicles sector, the IPS shall be based on the SGST component pertaining to eligible vehicles manufactured, sold and registered in the State of Maharashtra for the first time.

2) Any part payment made in appeal, interest paid on taxes, penalties and fees there under, etc. shall be excluded for determining the taxes payable for the computation of IPS.

3) Transactions between following category of related persons, no IPS will be allowable in respect of SGST paid on these transactions.

(A) Transactions between

I) GST numbers in state having common PAN.
II) Different firms of a director or partner of an eligible manufacturing unit under PSI registered in the state under GST law.

(B) Transactions between following related persons.

1. Such persons are officers or directors of one another's businesses.
2. Such persons are legally recognized partners in business.
3. Such persons are employer and employee.
4. Any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them.
5. One of them directly or indirectly controls the other.
6. Both of them are directly or indirectly controlled by a third person.
7. Together they directly or indirectly control a third person.
8. They are members of same family.

   For 1 to 8 above the term "person" also includes legal person.
9. Person who are associated in the business of one another in that one is the sole agent or distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

1.3 **"Financial Year"** shall have the same meaning as defined in the GST Act.

2. Filing of claims for IPS :-

2.1 An eligible Ultra Mega / Mega Project shall file a valid claim on an annual basis. The 1st valid claim shall pertain to the period commencing from the date of start of commencement of commercial production as established by the Implementing Agency

or from such other date as may be approved by the State Government / Implementing Agency.

2.2 An Eligible unit holding Eligibility Certificate shall prefer a claim for each financial year in Form II (Annexure-A). The valid claim shall be supported with following document.

a) Auditor's Certificate (Annexure-B) certifying the actual value of turnover / SGST paid / payable pertaining to the eligible finished products manufactured by the eligible unit during the claim period.
b) Certified copies of SGST returns for the relevant period.
c) Due authorization by the concerned entity in favour of the signatory for signing the application and executing undertakings / agreements / covenants.
d) Statutory SGST auditors report
e) Auditor's Certificate (Annexure-C) with regard to fixed assets.
f) Estimate (Annexure-D) regarding the anticipated liabilities under SGST for the next financial year.
g) Any other documents / certificate as may be sought by the Implementing Agency as required by it.

All the enclosure shall be duly signed by the authorised signatory.

3 Sanction to IPS Claims :

3.1 The Implementing Agency shall sanction the admissible quantum of IPS ordinarily within 30 days of receipt of the valid claim complete in all respect, after verifying the correctness of the particulars furnished in the application and the documents, and reconciling the quantum of taxes payable / paid for determining the IPS amount to be sanctioned for every year. However, pending assessment / reconciliation by the Sales Tax Department, the claim of the eligible Ultra Mega / Mega Project shall be provisionally sanctioned at 90% of the admissible IPS amount. The balance amount of admissible IPS shall be sanctioned after reconciliation / assessment by the Sales Tax Department and after disposal of appeals, if any, preferred by the Eligible Unit. For facilitating the reconciliation, the Sales Tax Department may issue an Identification Certificate to the Eligible Unit based on the Eligibility Certificate issued by the Implementing Agency.

3.2 The valid claim should be filed within 11 months of the close of the concerned financial year. The 1st such claim shall be filed within 11 months from the close of the financial year in which the Eligible Unit was issued Eligibility Certificate or its effective eligibility was established, whichever is later. However for financial year 2017-18 considering the transition period to roll over from VAT to GST based incentives the time to submit the valid claims shall be 18 months from close of financial year 2017-18.

3.3 Any delay in filing of valid claim beyond the period stipulated in Para 3.2 shall attract penalty by way of 10% deduction in the quantum of admissible IPS relating to that claim. For delays exceeding 6 months, the relevant claim shall be automatically treated

as having lapsed and no IPS shall be admissible for the period covered in the claim. However, for the reasons beyond its control the delay can be condoned with prior approval of state government.

3.4 If it is found by the Implementing Agency that, due to an error in fact or of law, an amount of IPS has been sanctioned or paid to the Eligible Unit which is in excess of or less than what was actually payable in respect of any period or part thereof, the Implementing Agency may, with the prior approval of the State Government, pass a revised order recording the reasons thereof, within 5 years from the date of the original sanction order, determining the actual amount of IPS payable to the Eligible Unit in respect of that period (or part thereof), and thereupon :-

(a) if a higher amount of IPS is payable to the Eligible Unit, the balance amount may be disbursed, or

(b) if an excess amount of IPS has already been paid on account of the Eligible Unit revising its GST returns downwards after sanction / disbursement of IPS or for any other reason, steps shall be taken to recover the excess amount by way of deduction from the amount of IPS for any subsequent period [or part thereof], or to effect a lump-sum recovery to be paid by the Eligible Unit within 30 days of passing of the order.

3.5 The Implementing Agency shall maintain an account of each Eligible Unit in whose favor the Eligibility Certificate has been granted, and shall fix the limit of disbursement to the extent of the value of incentive as mentioned in the Eligibility Certificate.

3.6 For the purpose of assisting Government to assess future budgetary requirements, all Mega projects are required to submit information to the Implementing Agency in the prescribed format (Annexure-D) specifying the anticipated liabilities under SGST the next financial year. The information shall be submitted to the Implementing Agency by the 31st October of the financial year previous to the claim period.

3.7 "While sanctioning the last claim of IPS, the Implementing Agency will deduct 15% out of the admissible IPS in respect of eligible Mega Projects. The deducted amount will be sanctioned by the Implementing Agency only after the completion of the Operative Period as defined under the GR No. PSI-2108/CR-36/Ind-8, dated 21st May, 2008 or any other relevant provisions that may be made by the Government in future. However, in case the last claim of the eligible unit is for a period less than 12 months, the retention of 15% shall be made out of the claim of the year prior to such last claim."

3.8 For all Mega/Ultra Mega projects the yearly cap for annual disbursement shall be as per para 7 of Government Resolution dated 12/06/2018. However, in case of units that has already availed industrial promotion subsidy (IPS) in such cases the annual cap for incentives shall be balance IPS divided by balance period of incentives.

4 **PROCEDURE FOR DISBURSEMENT OF SUBSIDY**:

The cases approved/sanctioned by the Implementing agency will be disbursed as per the availability of funds. The disbursement of sanctioned amount shall be made

chronology of date of application (as prescribed by modalities vide GR dated 26.09.2018). The disbursement will be done through electronic transfer of funds.

5 **MONITORING AND REVIEW:**

Monitoring of the production activities of the eligible unit will be done as per the provisions of para 8.1 and 8.2 of the Government Resolution No. PSI 2013/CR-54/IND8, dated 01.04.2013 of package scheme of incentives 2013.

6 This Government Resolution issues with the concurrence of Finance Department vide its U. O. R. No. 12/Taxation-1, dated 19/06/2018

7 This Government resolution of Maharashtra Government is available at the website www.maharashtra.gov.in. Reference no. for this is 201812261532329210. This order has been signed digitally.

By order and in the name of the Governor of Maharashtra.

Sanjay Shankarrao Ingle

Digitally signed by Sanjay Shankarrao Ingle
DN: c=IN, o=Government Of Maharashtra, ou=Industry Energy and Labour, postalCode=400032, st=Maharashtra, 2.5.4.20=f0d616600e4d2f510d1c8cc19813e070ad282d2275bf6fc132a2dee97f14e0a6, serialNumber=d337930b14433dc62c0154af2bbc60bb5a6edcaa66b7f34596c50a27eb0f6333, cn=Sanjay Shankarrao Ingle
Date: 2018.12.26 15:41:45 +05'30'

(Sanjay Ingle)
Deputy Secretary to
Government of Maharashtra

To,

1. Development Commissioner (Industries), M.S., Mumbai,
2. Commissioner of Sales Tax, M.S., Mumbai,
3. Chief Executive Officer, Maharashtra Industrial Development Corporation, Mumbai.
4. Accountant General (Accounts and Entitlement)-1, Mumbai.
5. Accountant General (Audit)-1, Mumbai.
6. Accountant General (Accounts and Entitlement)-ll, Nagpur.
7. Accountant General (Audit)-ll, Nagpur.
8. All General Managers, District Industrial Centers
9. Pay and Accounts Officer, Mumbai.
10. Resident Audit Officer, Mumbai.
11. Finance Department (Taxation-1), Mantralaya, Mumbai-32.
12. Maitri Cell
13. Select File (Ind-8).

Annexure — A

APPLICATION for Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 1993/2001/2007/2013 Mega / Ultra Mega projects

(All amounts in Rs. Lakh)

1. Name of the eligible unit :

2. Factory address of Eligible unit :

Telephone number

fax

e-mail

3. Office Address :

Telephone number fax, e mail

4 Eligibility Certificate No :

5 Date of the Eligibility Certificate :

6 Identification Certificate : No Date

7. Accounting year followed :

8. Period for which the application :
for IPS is made

9 Bank details of eligible units :

Bank & Branch Name

Branch address

Branch IFS code (for RTGS)

Account number (for RTGS)

Date:

To,

The Development Commissioner (Industries),

Sir,

In accordance with the Package Scheme of Incentives PSI-1993/ 2001/2007/2013, application is submitted for sanction of IPS of Rs. ------------------------(Rupees in words -------------) for the period from ------------ to -------------------- The amount of SGST payable and paid through cash ledger under the GST Act-2017 for the above period are shown in the Form as per Annexure-B

1. The Following documents are submitted along with the application:

i) Auditor's Certificate about SGST paid / payable on eligible products during the claim period in Annexure-B.

ii) Annual returns filed under GST Act for the claim period.

iii) Resolution on the letter head of the unit authorizing signatory to sign on

the application and undertaking.

iv) Certificate about gross fixed assets in Annexure-C.

v) Statutory GST auditor’s report for yearly claim.

vi) Details of employment for the project in Annexure-E.

vii) Details of Captive Process Vendors (CPVs) in Annexure-F (If applicable)

2. For Employment-Based Mega Projects

I / We hereby certify that the total number of regular employees at any point of time during the claim period ------ has not fallen below ------ and that the present strength of regular employees on the rolls of the company / for the unit (to which mega project status has been granted and eligibility certificate number --------- is issued), is -------- out of which --------- are domiciled in the state of Maharashtra / domiciled in the ------- district. I / We also certify that the company has filed regular returns for employment with the implementing agency.

3. Details of gross fixed capital investment made as of (date)

Land :

Building:

Plant & Machinery:

Other fixed assets:

Total:

4. Means of Finance: (Please provide complete details)

5. Details of fixed capital investment by the unit's Captive Process Vendors (CPVs) (If applicable)

No. of CPVs:

FCI in CPVs:

Land:

Building:

Plant & Machinery:

Others:

6. The details of IPS sanctioned and/or disbursed to the eligible unit under the Eligibility Certificate number ------- dated --------- up to date of this application are provided below : -

Sr. No.	Period	IPS sanctioned	Date of Sanction	IPS Disbursement	Date of Disbursement
1	2	3	4	5	6

7 Details of Electricity Duty Exemption availed during the claim period

Sr. No.	**Month & Year**	**Amount**
1	2	3

8. Total amount of Electricity Duty Exemption availed till the,end of the quarter prior to the claim period.:

9. Stamp Duty exemption availed during the claim period.

Sr. No.	Type of document.	Name of registering office	Date of registration	Amount of exemption availed
1	2	3	4	5

10. Total amount of stamp duty exemption availed till the end of the quarter prior to the claim period.

11. Royalty Refund availed during the claim period

Sr. No.	Month	Amount of Royalty Refund claimed	Amount of Royalty Refund sanctioned
1	2	3	4

12. Total amount of Royalty Refund actually availed till the end of the quarter prior to the claim period.

13. I / We have furnished to the implementing agency up to date follow-up statements (Annual Production returns and Audited statements of accounts).

14. Certified that the statements made herein are true and as per facts.

I / We hereby agree that in the event of any reduction in my / our SGST liability as a result of any decision in appeal, revision as a result of any judgment of tribunal or court or for any reasons whatsoever including any mistakes in calculation the amount of incentives determined at a lower amount or determined at Nil, I/We shall repay the excess amount so disbursed along with interest @ 15% per annum or such other rates as may be determined by the implementing agency.

Yours faithfully,

Name, Status and Signature of the
Authorized Signatory

Status: Proprietor / Partner / Chairman
Managing DirectOr I Director.

This application shall be signed by any one of the persons indicated above

Annexure - B

Certification of SGST Liability

ACCOMPANIMENT TO FORM NO.II FOR APPLICATION FOR IPS under <u>PACKAGE SCHEME OFINCENTIVES under PSI-1993 /2001 /2007 /2013 (Ultra Mega / Mega Projects)</u>

(To be certified by GST Auditor)
(For the period from to of Financial Year)

(Rs. in Lakh)

1. Name of the eligible unit :
2. Address of the eligible unit :
3. No. and date of Eligibility : No.------------- Date ----------------
   Certificate.
4. Identification Certificate. : No. ------------ Date ----------------
5. Registration number with date and date of effect.
   a) Under GST Act-2017 : Date -------------------
   Date of Effect :

6: Details of sale of Finished Product of eligible unit and Taxes paid thereon.

A) (i) Sale within the State of Maharashtra

Sr. No	Finished Product/s	Details		SGST Payable		GST Payable	
		Oty.	Value	Rate	Amount	Rate	Amount
1	2	3	4	5	6	7	8

(ii) *Inter Unit Transfer to same entity having another GST No. within the State of Mahrashtra :-*

Sr. No	*Finished Product/s*	*Details*		*Rate*	*Amount*
		Quantity	*Value*		
1	*2*	*3*	*4*	*5*	*6*

B) Sale outside the State of Maharashtra

Sr. No.	Finished Product/s	Details		*Rate*	*Amount*
		Qty.	Value		
1	2	3	4	*5*	*6*

C) Exports :

Sr. NO.	Finished Product/s	Details	
		Qty.	Value
1	2	3	4

D) Total of A + B + C

Sr. NO.	Finished Product/s	Details		SGST Payable Liability
		Qty.	Value	
1	2	3	4	5

7. Details of Raw Material purchased for manufacture of eligible Finished Product of eligible unit and Taxes paid thereon.

A) (i) Purchases within the State of Maharashtra

Sr. No	Raw Material Name	Details		SGST		GST	
		Oty.	Value	Rate	Amount	Rate	Amount
1	2	3	4	5	6	7	8

(ii) Inter Unit Transfer to same entity having another GST No. within the State of Mahrashtra :-

Sr. No	Raw Material Name	Details		Rate	Amount
		Quantity	Value		
1	2	3	4	5	6

B) Value of Purchase from outside the State of Maharashtra :

Sr. No.	Raw Material Name	Details		*IGST Rate*	*IGST Amount*
		Qty.	Value		
1	2	3	4	*5*	*6*

C) Imports :

Sr. No.	Raw Material Name	Details		*IGST Rate*	*IGST Amount*
		Qty.	Value		
1	2	3	4	*5*	*6*

8. *Set-off admissible on tax paid on purchases instead off Set-off admissible on SGST payable on sale of finished product.*

9. a) Total SGST paid :

   b) SGST paid through cash ledger :

10. Amount of IPS Receivable: (As applicable)

    On Gross Basis

    On Net Basis

    On 50% Gross Basis

11. Details of SGST paid for the above :

Sr. No.	Date	Amount of SGST paid through cash ledger	Name of Bank & Branch
1	2	3	4

Yours faithfully,

Name, Status and Signature of the
Authorised Signatory

Status : Proprietor I Partner I Chairman
Managing Director / Director.

(This application shall be signed by any one of the persons indicated above.)

Certificate

I / We hereby certify that from the examination of the. Book of Accounts and other relevant records of the applicant M/s. --- that the Statements made and particulars furnished herein are correct.

I / We hereby further certify that the figures shown herein are only in respect of production and sale of eligible products by eligible unit and raw materials required for products and sale of eligible products only and Industrial Promotion Subsidy claimed is only to extent of SGST paid by Eligible Unit at ---for which Eligibility Certificate Number ---has been issued under the Package Scheme of Incentives 2001/2007/2013.

I / We further certify that the applicant M/s. ---has maintained separate accounts and records of, expansion project (Para applicable for expansion cases).

Signature of the Auditor

Seal Stamp of
Registration No.
Date :

Annexure - C

ACCOMPANIMENT TO THE APPLICATION FOR IPS : FROM AUDITOR REGARDING FIXED ASSETS.

1. Name of the eligible unit :

2. Location of the Eligible unit :

3. Period covered by the application :

4. Eligibility Certificate No & Date :

5. Certified that the gross value of the fixed assets of the eligible units M/s. --- located at --- for which Eligibility Certificate No. ------------- ,dated ----------- is issued as under:

Gross value of the fixed assets

(Rs. In lakh)

	At the beginning of the year i.e. on	Acquired during the year	Disposed of during the year	At the end of the year	At end of previous FY*
i) Land ii) Building iii) Plant & M/C and equipment iv) Other Assets TOTAL :					

(* Relevant for expansion / diversification eligibility certificate. Previous FY refers to the year preceding the financial year during which the acquisition of assets pertaining to expansion / diversification was started)

6. details of fixed assets acquired during the year should be given in the following form.

Sr. No.	Date of purchase	Value	Description of items	From whom purchased	Date of installation	Whether new or second hand	Remarks
1	2	3	4	5	6	7	8

(To be given on a separate sheet duly certified by Chartered Accountant if the space is found to be insufficient).

(Seal and initials of Chartered Accountant to appear on each sheet forming part of this Annexure).

7. Details of Fixed assets disposed off / transferred etc. should be given in the following form.

Sr. No.	Date of purchase	Value	Description of items	From whom purchased	Date of installation	Date of Sale / disposal transfer/ shifting	Value for which disposed off (if shifted place to which shifted be indicated)
1	2	3	4	5	6	7	8

Authorised signatory

Name, Status and Signature of the
Authorised Signatory

This application shall be signed by any of the persons indicated above.

C E R T I F I C A T E

I/We hereby certify that upon audit of the Books of Accounts and other relevant records of the applicant M/s ---, the statements made and particulars furnished herein are correct.

Yours faithfully,

Signature of the Auditor

Seal Stamp of

Chartered Accountant

Registration No.:

Annexure- D

(On company's letter-head)

Anticipated SGST liability

Name of the unit :

Location :

Eligibility Certificate number & Date:

We hereby state that the anticipated SGST liability pertaining to afore-stated Eligibility Certificate and eligible finished products, for next financial year ( ) is as under;

Under GST Act, 2017:

The details are as under;

Name of Products	Anticipated sale within Maharashtra (per annum)		Anticipated sale outside Maharashtra (per annum)		liability under SGST
	Quantity	Amount	Quantity	Amount	
1	2	3	4	5	6

Authorized Signatory

Name, Status and Signature of the
Authorised Signatory

Annexure E

Employment Based Ultra Mega / Mega Project

Period: From --------------- to -------------------

Annual summary statement of regular employees employed for the project at ----------------------- (location) for which Eligibility Certificate No. ------------------------- , dated ---------------------- has been issued to M/s. -- (Company Name)

Sr. No.	Quarter	Year	No. of Regular Employees	Employee Provident Fund deducted		ESI deducted	
				No. of Employees	Amount	No. of Employees	Amount
1.	April -June						
2.	July - September						
3.	October— December						
4.	January -March						

I/We hereby certify that the total Number. of regular employees, for the eligible manufacturing activities, on the rolls of the company for the mega project for which the Eligibility certificate number has been issued under the Package scheme of Incentives 2001/2007/2013, at any point of time during the financial year/ claim period ________, has not fallen below 250/500/1000.

We also certify that the company has filed regular quarterly returns for employment with the implementing agency.

Signature of Authorised person

Name of the Signatory,

Designation,

Seal of Company

C E R T I F I C A T E

Annexure F

Period:

Details of Captive Process Vendors (CPVs)

(Rs. in Lakh)

Sr. No.	Name of CPVs	Location / Address	Details of process out-sourced	Fixed Capital Investment (Gross) as on			
				Land	Building	Plant & Machinery	Others

I / We hereby certify that the afore-stated details are correct and based upon the audited statement of accounts of the respective CPVs. I / We also certify that the afore-stated units are 100% Captive Process Vendors of M/s. ------------------------------------- (Company Name) for the mega project for which the eligibility certificate no. -------------------------- has been issued under PSI 2001/2007/2013 and has not availed IPS benefits under the PSI Scheme.

I / We hereby certify that from the examination - of the Books of Accounts and other relevant records of the applicant M/s ---that the statements made and particulars furnished herein are correct to the best of my / our knowledge and belief.

Signature of authorised signatory from the CPV	Signature of authorised signatory from the EC holding company	Signature of the Chartered Accountant